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# USAID/PRICEWATERHOUSECOOPERS
# EGYPT PRIVATIZATION IMPLEMENTATION PROJECT

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## QUARTERLY REPORT TO USAID FOR THE FIRST QUARTER OF 2001

30 APRIL 2001

# QUARTERLY REPORT TO USAID FOR THE FIRST QUARTER OF 2001

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# 1. EXECUTIVE SUMMARY

***Preparation of Companies for Tender***

The USAID/PricewaterhouseCoopers (PwC) Privatization Implementation Project (the "PIP") will have prepared by mid-year about 50 public enterprises and joint ventures (including four joint venture banks) for sale via tender to strategic investors. We will have conducted several domestic and international road shows contacting hundreds of possible and dozens of serious potential international strategic investors. And we will have advised and assisted the Holding Company managements and the major Joint Venture public sector shareholders to accelerate the pre-tender preparation process.

***Work with Potential International Investors***

Through the PwC regional and international network of offices and industry specialists and other financial intermediaries, we have identified and introduced a number of major multinational companies to specific privatization investment opportunities. We are (confidentially) working directly - or indirectly through intermediaries - with such companies as Regent/Radisson Hotels, Norsk Hydro, Hilton Hotels International, Galleries Lafayette, French Lines, Orient Express Hotels, Americana Foods, Shoprite, P&O Nedlloyd, ECT, and major investor groups and individuals from the Gulf and Egypt to promote their participation in tenders for hotel properties, fertilizer plants, department store chains, container handling terminals, construction companies, glass manufacturers, prime real estate development properties, shipyards, and JV banks.

A number of the companies we are assisting are attracting serious investor interest and are in the tender or pre-tender investor due diligence stages including Misr Hotels (Nile Hilton), Omar Effendi (the largest dept store chain in Egypt), Delta Fertilizers, Red Sea Contracting, the food outlet chain of stores, several other hotel properties including Shepheard's Hotel, Amoun Island hotel, and the floating hotels, Al Nasr Glass & Crystal, the container handling terminals, Misr America International Bank, and Egyptian Glass Company.

***First Quarter 2001 Tasks***

Despite the fact that the GOE has not concluded any significant transactions for more than a year, (i.e., before the PIP project started), we are optimistic that several of the companies mentioned above will be offered for sale before the end of the Second Quarter 2001.

- PIP is currently preparing for privatization nearly 30% of the Ministry of Public Enterprise's Law 203 portfolio (51 of 190 enterprises and assets). During this quarter, PIP provided valuation advisory support, helped to identify and select appropriate sales methods, delivered strategic advice on packaging and structuring the transactions, and promoted the enterprises to potential "anchor" (strategic) investors.

- PIP is currently preparing for privatization nearly 25% of the Ministry of Economy's portfolio of majority publicly owned Joint Ventures (32 of 143 JVs in which the state owns 50%+ of shares).

- Serious investors – likely to participate in the anchor/strategic investor tenders to be conducted for public enterprises and JVs – have been identified for 20 such enterprises.

- 32 Company Profiles for distribution to potential investors have been completed. These are marketing and promotional materials and serve as the basis for Information Memoranda to be sold to tender participants by the Holding Companies. Information Memoranda for such priority enterprises as Misr Hotels, Delta Fertilizers, Red Sea Contracting, Al Nasr Glass & Crystal, and Omar Effendi were completed, approved by the Holding Companies, printed, and offered for sale to potential bidders by the Holding Companies.

***Obstacles***

The biggest problems facing Egypt's Privatization Program and the USAID Privatization Implementation Project are:

***Lack of Investors***

- Many, if not most, potential local investors have liquidity problems and are only interested in investing if the price is @ market and if financing – installment payment – terms are offered.
- Potential international investors are limited in number and can only be attracted through aggressive, one-on-one, transparent (full financial and operational disclosure) international marketing directly to investors.
- The GOE does not have the resources or experience to undertake such investor outreach.
- Thus, the USAID PIP team has been working to identify and directly engage potential international investors over the past four months, serving as an intermediary to bring sellers and buyers together.
- We have also sought to reach potential investors through investment banking intermediaries. However, most international investment banks are not interested in such - relatively - small transactions. And local investment banks are too skeptical of the privatization program (and of the likelihood of ever earning success fees) to show any real interest in representing either sellers or potential investors.

***Sellers' versus Buyers' Expectations***

- The GOE's valuations/expectations of sales proceeds for each SOE on offer are often too high versus the maximum price which potential investors are willing to pay.
- The Central Audit Agency no longer has the final say on valuations. Its role is now limited to recommending a value for each company prior to tender.
- The question which remains to be answered is the willingness of the Ministerial Privatization Committee and the Holding Companies (for public enterprises) and the large public sector shareholders (in joint venture companies and banks) to actually accept sales prices which are significantly below the CAA's recommendations.

***Lack of Process***

- Is the GOE over the longer term – through the MPE and the MOEFT – willing to implement a "Pipeline Management" process and procedures for conducting streamlined, standardized, transparent, and centralized decision-making for the privatization of Public Enterprises and Joint Venture Companies? This is especially a strategic issue for the Joint Ventures under the MOEFT for which a comprehensive strategy and privatization procedures have yet to be articulated by the GOE through the MOEFT.

***Risk of Failure***

Outstanding Technical Team

We have organized an outstanding investment banking team of Egyptian and expatriate consultants to advise and assist the GOE through the Ministry of Public Enterprise and the Ministry of Economy and Foreign Trade. We believe that the GOE could find few if any more qualified international consulting teams than the team organized under the USAID/PwC project. The problem is not with the quality of the technical assistance being provided by the PwC team. But rather with our lack of the means to institute real, major change in the privatization program's strategy and procedures for implementation.

But Results for 2000 Do Not Inspire Confidence in GOE's Political Will

Since July 2000, not a single Law 203 Public Enterprise or Joint Venture Company assigned to the PIP has been privatized. And the year 2000 as a whole was dismal for Egypt's privatization program in terms of real results with only a handful of strategic sales concluded.

As the results of the privatization program for the year 2000 and for 2001 to date are unsatisfactory, it is very optimistic to believe (as we do!) that the results will suddenly turn positive during the second or third quarters of 2001. The obstacles which slowed privatization during 2000 remain in 2001.

***New Strategic Initiatives***

It is apparent that most potential Egyptian strategic investors, many regional and international potential strategic investors, the domestic and international investment banking industry, and the domestic and international business media have become very skeptical regarding the commitment of the GOE to its privatization program. This skepticism – based on the poor results of the past year – can only be overcome through the implementation of new strategic initiatives and aggressive efforts to conclude major strategic sales this year.

Consequently, the PIP project suggests the GOE consider four major new strategic initiatives to accelerate the privatization program and restore investor confidence in Egypt:

1. Encourage the Ministerial Privatization Committee to play a leadership role in pro-actively establishing privatization strategy and policy (beyond its role of approving/disapproving individual transactions);
2. Apply market-based valuation methodologies while eliminating the CAA "floor" price;
3. Adopt and enforce step-by-step privatization procedures for Law 203 and JV companies through the MPE and the MOEFT;
4. Establish a regular privatization forum – to address privatization issues - at the Ministerial level for the MPE, MOEFT, USAID, and the PIP.

## 2. *TRANSACTIONS IN PROGRESS*

**LAW 203 PUBLIC ENTERPRISE TRANSACTIONS**

1. **Omar Effendi**. PIP has devoted hundreds of hours to preparing and promoting this company, which we view as a test case for Egypt's commitment to privatization. In January, PIP published a company profile and began to promote the company through the PwC international network (including the retail industry group in London). The Trade Holding Company (HC) published a tender announcement on January 28 and set the closing date for April 15. This date might be extended because the HC has received several requests from investors for more time to complete due diligence. At PIP's recommendation, the HC hired an investment promoter (they selected Fleming-CIIC) to market the company locally and internationally. The HC also hired an independent contractor to conduct the valuation, but unfortunately the report contained errors (e.g., the report did not calculate the terminal value of company and as a result, the valuation was too low). The Central Audit Agency (CAA) increased the valuation reserve price as a result. PIP is now advising the Trade HC on a compromise valuation that is well supported, realistic and market-based. Eleven investors have purchased the information memorandum prepared by PIP. Four of these have hired local financial institutions to represent them in the transaction. Potential investors include ShopRite (South Africa), Al Ahram Beverages (Egypt), Olympic Group for Investments (Egypt), and Gallerie Lafayette (France).

2. **Al Nasr Glass & Crystal**. The Metallurgical Industries Holding Company announced on April 1, 2001, that it is offering for sale to anchor investor(s) 90% of the shares of Al Nasr Glass and Crystal Company -- or any of its three independent business units (as detailed in the published bidding documents). For Al Nasr Glass & Crystal, PIP completed a DCF valuation, a fixed asset valuation review, limited sellers' due diligence, sales strategy recommendations, a company profile, the information memorandum, bid documents, the tender announcement, and advertisements in the *Middle East Economic Digest* and the World Bank's privatizationlink website. The company is Egypt's largest public sector company producing customized glass products such as bottles, containers, medical ampoules, tableware and patterned glass. At least six investors have expressed interest in buying one or more of the three independent business units of the company. To date, three investors have purchased the information memorandum. The deadline for submitting bids is July 1, 2001.

3. **Red Sea Contracting**. In December 2000, PIP published a company profile for this small construction company. The tender was announced on January 6, 2001, and a deadline for the submission of bids was set for February 20, 2001. The Holding Company (HC) did the valuation itself (fixed asset valuation only; no discounted cash flow) and the CAA approved the valuation. The HC did not set up a data room or hire an investment bank/investment promoter. Three potential investors purchased information memoranda prepared by PIP (in both Arabic and English). The interested buyers included two Egyptian firms and one from Saudi Arabia. The HC received a letter of guarantee from one potential buyer, but received zero bids. The HC explained the lack of bids by arguing that the affiliated company was uncooperative with investors. In addition, the approved value was higher than the buyers were willing to pay. Because no bids were received, the tender closing date was extended. Fortunately, two additional investors have since expressed interest. One is from the Gulf and has already presented a letter of intent for both Red Sea Construction and Mokhtar Ibrahim construction company. The other investor is an Egyptian construction firm. The Construction HC is prepared to offer Mokhtar Ibrahim as soon as the tender for Red Sea Contracting is completed.

4. **Misr Hotels** (Nile Hilton and Hilton Dahab). PIP has been working to promote and market this company since November 2000. Most recently, at the Holding Company's request, we updated the information memorandum and bid documents and advised the HC on a sales strategy (i.e., flexibility and willingness to offer each asset for sale separately). PIP has promoted the company through its international network and received several preliminary

expressions of interest from international hotel management chains/hotel investors. The tender will be launched on 30 April 2001.

*As reported in* Alam Al Youm *(19 March 2001),*
"Hilton International, through PricewaterhouseCoopers, expressed an interest in buying the Nile Hilton Hotel owned by Misr Hotels Company. A source close to the deal stated that Hilton International expressed interest because of the importance the Nile Hilton represents to the parent company and to increase its investment in the Egyptian tourism industry. However, they are not willing to buy the other hotel owned by the same company, Hilton Dahab. If the Ministry of Public Enterprise and the Holding Company for Tourism and Cinema agree to sell the Nile Hilton separately, Hilton International will present an official bid.

"The Minister of Public Enterprise, Mr. Mokhtar Khatab, yesterday confirmed that if there is a serious investor willing to submit a bid, the MPE would consider selling the Nile Hilton separately, provided that the General Assembly of the Holding Company approves this approach."

5. **Floating Hotels**. Six floating hotels were offered together for sale in December 2000. EGOTH did not request direct PIP assistance to prepare or market these hotel assets. Consequently, PIP did not draft a company profile or an information memorandum. PIP did, however, promote the floating hotels at international conferences in Barcelona and London and received informal expressions of interest, which we communicated to EGOTH. EGOTH received one bid and a corresponding letter of guarantee, but the bid was too low (below the CAA reserve price). EGOTH attempted to negotiate with the investor, but negotiations were unsuccessful. During the negotiations, EGOTH received informal inquiries from other interested buyers and decided to end negotiations and re-offer the floating hotels at a later date. All six floating hotels were offered at the same time, although buyers could bid on one hotel or several. EGOTH will re-offer the floating hotels during the Second Quarter 2001, but will not revise the valuation. EGOTH has now asked PIP to help with promotion and we have already completed company profiles for each of the six floating hotels and identified potential investors.

6. **Shepheard's Hotel**. At the February meeting of the Egyptian-British Chamber of Commerce in London, PIP made contact with two international hotel operators and facilitated a subsequent visit to Cairo specifically to inspect the Shepheard's Hotel. We arranged meetings with the Holding Company and hotel management and accompanied the investors on a site inspection of the hotel premises. We helped the seller set up a temporary data room at the HC and prepared detailed written responses to the questions posed by the investors. The MPE has publicly expressed its desire to sell the hotel during the Second Quarter 2001.

7. In February, PIP attended a large international investment conference for the fertilizers sector in Cairo. We distributed company profiles for **Delta Fertilizers, Abu Zabaal Fertilizers, and Al Nasr Fertilizers** and met investors interested in Abu Zabaal and Delta Fertilizers. The Embassy of India also requested our company profiles and Indian investors have announced plans to invest up to $300 million in phosphate and ammonia production in Egypt over the next five years. Tenders for Delta and Al Nasr are expected to be announced in the Second Quarter 2001.

8. PIP continued this Quarter to promote the **Damietta and Port Said container handling companies**, which are among the GOE's most attractive and profitable enterprises. We have met with several major international shipping companies that have expressed interest in the container handling companies, including P&O/Nedlloyd (The Netherlands), CMA (France), Maersk Sealand (Denmark), and American Stevedoring Company (USA). The last two companies have already invested in BOOT projects in the Suez Canal and the Red Sea respectively. Unfortunately, serious political and legal obstacles remain that will delay transactions in this sector for the foreseeable future. We suggested various privatization strategies to the Ministry of Public Enterprise (MPE) and the Maritime HC, discussed the

implications of each, summarized the terms and conditions of international "best practices" container handling concession agreements and presented our findings and recommendations to the GOE. However, several issues need to be resolved by the GOE before a transaction can occur, including:

- The Holding Company owns a minority stake in the container handling companies. Will the other public sector shareholders agree to a concession (with full management control) to a foreign operator?
- What would be the role of the existing state-owned container handling company should the GOE grant a concession to a foreign operator?
- Can the Port Authority grant a concession to two companies to operate at the same terminal (one public enterprise, one foreign operator)?

9. PIP met with **Food HC** representatives twice this quarter, after numerous previous requests to provide assistance were rebuffed. We offered to help promote and market EDFINA, Bisco Misr, and the Starch and Yeast company – in which investors such as Kraft Foods have expressed interest – but the HC instead asked us to assist with the preparation of less-attractive companies such as Egyptian Fish Marketing, Misr Dairy Products, and two food retail outlet chains. International investors such as ShopRite (South Africa) may be interested in the latter and we are actively pursuing that opportunity.

### JOINT VENTURE COMPANY AND BANK TRANSACTIONS

10. **Misr America International Bank.** MAIB was offered for sale in 1999. Two bids were received - from the National Bank of Kuwait and Credit Agricole (Standard Chartered Bank and the United Bank of Egypt had prepared to submit bids but later withdrew). A valuation was done but it has since expired and needs to be reviewed and updated. The bidders were allowed to review the loan portfolio with the names of clients deleted. The bidders subsequently attached conditions and disclaimers to their offers, which displeased Banque du Caire, the principal owner, and the Central Bank of Egypt, which must approve the transaction. After several months, negotiations with the National Bank of Kuwait broke down and Banque du Caire turned to the second-highest bid, from Credit Agricole. The Ministerial Privatization Committee refused to sell to Credit Agricole because the valuation was based on financials that were more than one year old. PIP was asked to help with a valuation review (of publicly available financial information). Banque du Caire did not originally hire an investment promoter and does not plan to do so this time. Banque du Caire expects that one or more of the first round international bank bidders will participate in the new tender, estimated to take place during the Second Quarter 2001. N.B. A number of private banks are now up for sale, which may pull potential investors away from MAIB. On March 22, PIP proposed a detailed scope of work to Banque du Caire to assist with the privatization of MAIB. We offered to prepare a company profile, assist in the preparation of a valuation, conduct investor outreach, draft an information memorandum, set up a data room, conduct a pre-tender investor conference, and facilitate investor due diligence activities. Banque du Caire has yet to respond to our offer for assistance. In the meantime, we are completed an updated valuation of MAIB.

11. **Cairo Far East Bank**. PIP has had extensive discussions on valuation, packaging, and promotion with both the public sector (Banque du Caire, et. al.) and private shareholders (the Korean Exchange Bank, et. al). The ownership structure of the bank is as follows:

    - Al Chark Insurance 20%
    - Banque Du Caire 20%
    - Egyptian Investors 11%
    - Korean Exchange Bank 49%

    We are currently completing an in-house valuation using our bank valuation model. The valuation will be based on publicly available audited financial statements. PIP is also preparing a company profile for marketing purposes. The bank is small and profitable, with a manageable ratio of suspect/bad loans and it should be of interest to international and regional banks looking to enter the Egyptian market. Both the public sector and Korean shareholders have expressed a willingness to sell their shares in tandem to a private investor.

12. **El Togarioun Bank**. PIP representatives and senior officials of Banque Misr (the public sector shareholder representative) met with the Chairman and the General Manager of El Tougarioun Bank on 11 April. Bank management provided us with the 1999 financials and will provide us with the 2000 audited financials following their approved by the General Shareholders Meeting to be held in late April. El Tougarioun Bank continues to allocate all earnings to cover write-offs of the huge investment portfolio losses suffered by the bank in 1987. Although our detailed assessment has only just begun, it is very likely that the non-performing/insolvent investment portfolio will require that one or more steps will need to be undertaken by the public shareholders: transfer to and write-off of the non-performing portfolio by Banque Misr, a capital injection by Banque Misr to cover full write-off by El Tougarioun, merger of El Tougarioun into Banque Misr, sale of El Tougarioun's viable assets (loan and investment portfolio) and liabilities (deposits) to other banks and liquidation of the bank.

13. **Egyptian Glass Company**. PIP has prepared a valuation and profile for this joint venture company, which has attracted interest from local and international investors, including the current private sector partner (the largest glass manufacturer in the world) and the largest privately owned sheet glass company in the United States. The MOEFT understands that private investors are interested in buying the company and has helped to facilitate a transaction by assigning the National Bank of Egypt as the primary GOE representative. PIP is active in promoting and marketing the company and expects a tender to be announced during the Second Quarter 2001.

14. Among the most attractive JV companies assigned to PIP are the various hotel, tourism and real estate companies. For example, the **National Housing for Professional Syndicates** owns a five-star hotel in Heliopolis managed by Le Meridien. The hotel features a prime location (near the airport), high occupancy rates (it is the hotel of choice for the Arab League and visiting diplomatic delegations), and modern facilities. PIP has prepared a company profile and held preliminary discussions with potential investors. In addition, PIP has conducted valuations and prepared company profiles for **Rowad Tourism, Misr Sinai, and Misr Aswan Travel**. Each of these companies owns a myriad of different properties and assets, including hotels, tourism "villages", and transportation vehicles.

*During the first quarter, the PIP team held a number of meetings with the Privatization Unit of the Office of the Minister of Economy and Foreign Trade as well as with Dr. Moheildin, senior advisor to the Minister. We sought to promote agreement by the Ministry on a strategy for the USAID/PIP team's technical assistance – beyond our work on the first tranche of companies assigned to the PIP. The Ministry has agreed in principle to the following strategic initiatives:*

- Interest in our proposed JV Investment Fund Model (and other new, alternative mechanisms) to accelerate JV privatization through a market based, portfolio of JV company shares managed by professional fund managers (i.e., transfer of the management of the JV stakes from the public sector shareholders – primarily state-owned banks and insurance companies – to independent professionals tasked and rewarded with selling the stakes based on market conditions and capital gains opportunities).

- Agreement to allow the PIP team to review the entire JV portfolio database in order to "tier" JVs into priority, mediocre, and unattractive categories in order to prioritize our TA - with the priority being JV banks and large, majority state owned, profitable JVs. And in order to draft strategic recommendations to the MOEFT for privatization/partial divestiture of the universe of 500+ JV stakes.

- "Rapid" review and recommendations for restructuring and liquidation by PIP for non-viable JVs.

- For JV banks, MOEFT wants "A to Z" investment banking assistance including diagnostics, valuations, legal and financial due diligence, company profiles/info memos, marketing, tender procedures, negotiations with bidders, et al.

### *SALES PREPARATION PIPELINE REPORT*

### PIP Law 203 Pipeline Report

| No. | Affiliate Company | Transaction | Investor Interest | Info Memo approved | Bids eval, HC approval | MPC Approval | Transaction Date (est.) |
|---|---|---|---|---|---|---|---|
| 1. | Abu Zabaal Fertilizers | Anchor investor | local, regional, European | | | | August 2001 |
| 2. | Delta Fertilizers | Anchor investor | local, regional, European | 03/28/2001 | May 2001 | June 2001 | July 2001 |
| 3. | Al Nasr Fertilizers | Anchor investor | local, regional, European | | | | September 2001 |
| 4. | Mokhtar Ibrahim | Anchor investor | local | April 2001 | May 2001 | June 2001 | July 2001 |
| 5. | Red Sea Contracting | Anchor investor | local | 01/15/2001 | 28-Feb-01 | 15-Mar-01 | May 2001 |
| 6. | Al Nasr Forging | Liquidation | NA | | | | |
| 7. | Naroubin | Liquidation | NA | | | | |
| 8. | NEEASAE | Anchor investor | local | | | | |
| 9. | EDFINA | Anchor investor | local, regional, int'l | Feb 2001 | April 2001 | May 2001 | June 2001 |
| 10. | Amoun Aswan | Anchor investor | Local, European | | | | July 2001 |
| 11. | Anni - floating hotel | Anchor investor | Local, European | NA | March 2001 | | June 2001 |
| 12. | Aswan Oberoi | Anchor investor | Local, regional, European | April 2001 | May 2001 | June 2001 | July 2001 |
| 13. | Atoun - floating hotel | Anchor investor | Local, European | NA | March 2001 | | June 2001 |
| 14. | Cleopatra hotel | Anchor investor | Local | | | | |
| 15. | El Alfanteen - Land | Anchor investor | | NA | | | |
| 16. | Hotob - floating hotel | Anchor investor | Local, European | NA | March 2001 | | June 2001 |
| 17. | Isis - floating hotel | Anchor investor | Local, European | NA | March 2001 | | June 2001 |
| 18. | Mena House - Land | Anchor investor | | NA | | | |
| 19. | Mercure Etab | Anchor investor | Local, regional, European | | | | |
| 20. | Mercure Inn Coralia | Anchor investor | Local, regional, European | | | | |
| 21. | Misr Hotels | Anchor investor | regional, European, international | March 2001 | April 2001 | May 2001 | June 2001 |
| 22. | Oberoi Arish | Anchor investor | | | | | |
| 23. | Osiris - floating | Anchor investor | Local, European | NA | March 2001 | | June 2001 |

| No. | Affiliate Company | Transaction | Investor Interest | Info Memo approved | Bids eval, HC approval | MPC Approval | Transaction Date (est.) |
|---|---|---|---|---|---|---|---|
| | hotel | | | | | | |
| 24. | Shepheard Hotel | Anchor investor | regional, European, international | March 2001 | April 2001 | May 2001 | June 2001 |
| 25. | Soultana Malak - Land | Anchor investor | | NA | | | |
| 26. | Thomas Cook – Land | Anchor investor | local | NA | | | |
| 27. | Tut - floating hotel | Anchor investor | Local, European | NA | March 2001 | | June 2001 |
| 28. | Al Nasr Glass & Crystal | Restruct / asset sale | local, regional | Jan 2001 | May 2001 | June 2001 | July 2001 |
| 29. | Alex Cooling | Anchor investor or ESA sale | local | Feb 2001 | April 2001 | May 2001 | June 2001 |
| 30. | Helwan Cement | Anchor investor | local, international | April 2001 | April 2001 | May 2001 | June 2001 |
| 31. | Omar Effendi | Anchor investor | local, regional | Jan 2001 | May 2001 | May 2001 | June 2001 |
| 32. | Hannaux | Anchor investor | local, regional | April 2001 | May 2001 | June 2001 | July 2001 |
| 33. | Sednawi | Anchor investor | local, regional | | | | August 2001 |
| 34. | Damietta Spinning & Weaving | Restruct/lease | local, international | | | | |
| 35. | Delta S&W | Restruct/lease | local, international | | | | |
| 36. | STIA | Restruct/lease | local, international | | | | |
| 37. | El-Siouf S&W | Restruct/lease | local, international | | | | |
| 38. | Alexandria Container Co. | 30-year concession | | | | | |
| 39. | Alexandria Shipyards | Restruct / Mgmt Contract | Europe, international | | | | |
| 40. | Damietta Container Co. | 30-year concession | Europe, international | | | | |
| 41. | Egyptian Warehouses | ESA sale | local | April 2001 | May 2001 | June 2001 | July 2001 |
| 42. | Port Said Container Co. | 30-year concession | Europe, international | | | | |

### PIP Joint Venture Pipeline Report

| No. | GOE Rep. | Affiliate Company | Transaction Type | Investor Interest | Info Memo Approved | Bids evaluated/ approved | MPC Approval | Transaction Date (est.) |
|---|---|---|---|---|---|---|---|---|
| 1. | **Banque Misr** | El Togarioun Bank | Restructuring | | | | | |
| 2. | | Ismailia Misr Cooling Company | Anchor investor | | | | | |
| 3. | | National Housing for Syndicates (Meridian Heliopolis) | Anchor investor | local, regional, international | May 2001 | May 2001 | June 2001 | July 2001 |
| 4. | | National Company for Corn Production | Restructuring/ Liquidation | | | | | |
| 5. | | Misr Amerya Spinning & Weaving | Lease | local, international | | | | |
| 6. | | Misr Cooling & | Anchor investor | | | | | |

| No. | GOE Rep. | Affiliate Company | Transaction Type | Investor Interest | Info Memo Approved | Bids evaluated/ approved | MPC Approval | Transaction Date (est.) |
|---|---|---|---|---|---|---|---|---|
| | | Storage Company | | | | | | |
| 7. | **Banque du Caire** | Misr America International Bank | Sale to private bank | local, regional, international | April 2001 | April 2001 | May 2001 | June 2001 |
| 8. | | Islamic Bank for Invest. & Dev | Sale to private bank | local, regional, international | April 2001 | May 2001 | June 2001 | July 2001 |
| 9. | | Cairo Far East Bank | Sale to private bank | local, regional, international | April 2001 | May 2001 | June 2001 | July 2001 |
| 10. | | Cairo Aswan Poultry and Egg | Liquidation | | | | | |
| 11. | | Port Said National Company for Food Security | Restructuring/ Liquidation | | | | | |
| 12. | **National Bank of Egypt** | Egyptian Salt and Minerals Company | | | | | | |
| 13. | | Fontana Tourist Development Company | | | | | | |
| 14. | | Egyptian Company for Sheet Glass | Anchor investor | Local | April 2001 | May 2001 | June 2001 | July 2001 |
| 15. | **Bank of Alexandria** | Misr Aswan Company for Fishing and Fish Production | Anchor investor, ESA | | | | | |
| 16. | **National Investment Bank** | Saudi Egyptian Company for Industrial Investments | | | | | | |
| 17. | | Misr Iran Spinning & Weaving | Anchor investor | Local, international | | | | |
| 18. | **Misr Insurance** | Egyptian Int'l Co. for Gas Technology | Anchor investor | | | | | |
| 19. | | Misr Sinai Travel | Anchor investor | Local, international | April 2001 | May 2001 | June 2001 | July 2001 |
| 20. | | Misr Real Estate Investment and Tourism | Anchor investor | Local, international | May 2001 | June 2001 | July 2001 | August 2001 |
| 21. | **El Shark Insurance** | Rowad Travel | Anchor investor | Local, international | April 2001 | May 2001 | June 2001 | July 2001 |
| 22. | **National Insurance Company** | October Development and Real Estate Investment Company | Anchor investor | | | | | |
| 23. | **Egypt Air** | Misr Aswan Travel | Anchor investor | | | | | |
| 24. | **Al Sharkeya Governate** | Sharkeya National Company for Ready-made Garments | | | | | | |
| 25. | **Ministry of Housing** | Misr Clay Brick Production Company | Anchor investor | | April 2001 | May 2001 | June 2001 | July 2001 |
| 26. | **Temporary Committee for ACP** | Arab Company for Pharmaceuticals and Medical Herbs | Minority sale | | | | | |
| 27. | **Construction HC (PEO)** | Al Shams Housing & Development | | | April 2001 | May 2001 | June 2001 | July 2001 |
| 28. | **Al Nasr Car Production** | Egyptian Services & Maintenance | Restructuring | | | | | |

| No. | GOE Rep. | Affiliate Company | Transaction Type | Investor Interest | Info Memo Approved | Bids evaluated/ approved | MPC Approval | Transaction Date (est.) |
|---|---|---|---|---|---|---|---|---|
| | **Company (PEO)** | Company | | | | | | |
| 29. | **EGOTH (PEO)** | Arab Company for Tourism and Hotel Investment | Minority sale | | | | | |

## 3. DELIVERABLES COMPLETED DURING 1ST QUARTER 2001[1]

| No. | Deliverable | Name of Deliverable | Date Completed |
|---|---|---|---|
| 1. | **Information Memoranda** | Delta Fertilizer Company IM | March 28, 2001 |
| 2. | | Al Nasr Steel Pipes IM (hard copy only) | March 28, 2001 |
| 3. | | Omar Effendi IM | February 10, 2001 |
| 4. | | Al Nasr Glass and Crystal Company IM | January 31, 2001 |
| 5. | **Company Profiles** | Floating Hotels (6) CP | March 31, 2001 |
| 6. | | Mercure Romance CP | April 17, 2001 |
| 7. | | Cleopatra Hotel CP | March 31, 2001 |
| 8. | | NEEASAE CP | February 15, 2001 |
| 9. | | Al Nasr Steel Pipes CP | March 15, 2001 |
| 10. | | Alexandria Shipyards CP | February 21, 2001 |
| 11. | | National Housing for Professional Syndicates (Le Meridien Heliopolis) CP | March 31, 2001 |
| 12. | | Misr Sinai Travel CP | March 31, 2001 |
| 13. | | Al Nasr Glass & Crystal CP | March 29, 2001 |
| 14. | | Rowad Tourism CP | April 29, 2001 |
| 15. | **Diagnostic Reviews** | The PIP List (Law 203 and JV companies assigned to PIP) | March 31, 2001 |
| 16. | | Hotel Assessment trip report: Aswan, Luxor, Dahab | March 2001 |
| 17. | | Due diligence questions for banks | March 29, 2001 |
| 18. | | The Prospects for ESAs Sales of Law 203 Companies | March 26, 2001 |
| 19. | | Misr America International Bank DR and Proposed Scope of Work | March 22, 2001 |
| 20. | | Egyptian Services and Maintenance Company ("MisriYat") DR | March 31, 2001 |
| 21. | | Misr Aswan Real Estate and Tourism DR | February 13, 2001 |
| 22. | | Arab Company for Pharmaceuticals DR | February 12, 2001 |
| 23. | | Port Said National Company for Food Security DR | February 8, 2001 |
| 24. | | Cairo Aswan Poultry and Egg DR | February 6, 2001 |
| 25. | | An Overview of JV Companies & Banks | January 23, 2001 |
| 26. | **Valuation Reports** | Rowad Travel VR (hard copy only) | March 31, 2001 |
| 27. | | Egyptian Company for Sheet Glass VR | March 28, 2001 |
| 28. | | National Housing for Professional Syndicates (Meridien Heliopolis) VR (hard copy only) | March 20, 2001 |
| 29. | **Best Practices/** | Proposed Agenda for HC Workshops: How to Prepare an Info Memo and How to Promote a | March 28, 2001 |

[1] Soft copies of deliverables are attached to this report.

| No. | Deliverable | Name of Deliverable | Date Completed |
|---|---|---|---|
| | **Capacity Building Sessions** | Company for Sale | |
| 30. | | Pipeline Management Stage I: How to Prepare a Company Diagnostic | March 28, 2001 |
| 31. | | Pipeline Management Stage II: How to Value a Public Enterprise | March 26, 2001 |
| 32. | | Pipeline Management Stage III: How to Structure the Transaction | March 15, 2001 |
| 33. | | Pipeline Management Stage IV: How to Promote a Public Enterprise | March 15, 2001 |
| 34. | | Pipeline Management Stage V: How to Sell a Public Enterprise | March 15, 2001 |
| 35. | | The Five Stages of Privatization | March 11, 2001 |
| 36. | | PIP Capacity Building Strategy | March 1, 2001 |
| 37. | | Bank Valuation Model | February 19, 2001 |
| 38. | | Adjusted Balance Sheet Valuation Methodology | February 18, 2001 |
| 39. | | Law 203 Privatization Case Histories | February 9, 2001 |
| 40. | | Notes from IP3/Carana Best-Practices Training in Sharm el Sheikh | February 4-5, 2001 |
| 41. | **Marketing and Investor Outreach** | Egyptian Businessmen's Association – French Investor Outreach Event | April 22, 2001 |
| 42. | | Investor Database (updated) | March 31, 2001 |
| 43. | | Cairo Investment Conference (Proposed Agenda) | March 27, 2001 |
| 44. | | Ministry of Foreign Affairs Presentation (Cairo) - Press Release and Speech | March 27, 2001 |
| 45. | | PIP Companies Fact Sheets | March 27, 2001 |
| 46. | | Construction Sector Investor Notes | March 27, 2001 |
| 47. | | Retail Sector Investor Notes | March 28, 2001 |
| 48. | | PIP Marketing Strategy | March 2001 |
| 49. | | Cairo Investment Banks Marketing Letter | March 20, 2001 |
| 50. | | Container Handling Sector Investor Notes | March 19, 2001 |
| 51. | | Textile Sector Investor Notes | March 8, 2001 |
| 52. | | Tourism Sector Investor Notes | March 8, 2001 |
| 53. | | Draft Hotel Sector Press Release | March 6, 2001 |
| 54. | | Food Sector Investor Notes | February 26, 2001 |
| 55. | | British-Egyptian Chamber of Commerce (London) | February 20-23, 2001 |
| 56. | | World Bank PrivatizationLink tender announcements | February 20, 2001 |
| 57. | | Advertisement in the *Middle East Economic Digest* promoting Egypt's privatization program | February 16, 2001 |
| 58. | | Advertisement in the *Economist* promoting Egypt's privatization program | February 10, 2001 |
| 59. | | Spanish-Egyptian Business Conference (Cairo) | February 12, 2001 |
| 60. | | American Chamber of Commerce Outreach Plan | January 11, 2001 |
| 61. | **Strategy and Policy Memoranda** | Omar Effendi Test Case for Privatization | April 18, 2001 |

| No. | Deliverable | Name of Deliverable | Date Completed |
|---|---|---|---|
| 62. | | Pipeline Management Work Plan | March 22, 2001 |
| 63. | | Memorandum to USAID: New Strategic Initiatives | March 20, 2001 |
| 64. | | USAID Mission Director Briefing Document | March 20, 2001 |
| 65. | | Pipeline Management White Paper | March 15, 2001 |
| 66. | | Public Relations Observations and Recommendations | March 1, 2001 |
| 67. | | Johnson Letter to H.E. Yousef Boutros-Ghali, MOEFT: Status Report and Strategic Issues | February 20, 2001 |
| 68. | **Sector Studies** | Banking Sector Study | March 28, 2001 |
| 69. | | Fertilizers Sector Study | March 28, 2001 |

**In addition, the following internal project management "deliverables" were completed this quarter:**

- Staff performance assessments and evaluations
- TeamCenter (web-based project management software) configuration and launch
- Risk management plan
- Review of project financial procedures

## 4. *MARKETING AND INVESTOR OUTREACH*

The PIP has been aggressive in its marketing and investor outreach efforts this quarter. We recognize that the GOE is not prepared to adopt a "pipeline" or wholesale approach to privatization (although we continue to advocate such a strategy for appropriate companies). We have therefore intensified efforts to promote specific transactions and give investors better information about strategic sectors of interest.

In March, our marketing team finalized its strategy for promoting Egypt's privatization program in general and strategic public enterprises in particular. We have canvassed all leading local investment banks and financial intermediaries to gauge their interest and to understand their portfolio of clients. We have participated in local and international road shows promoting investment opportunities in Egypt. And we have published advertisements and announcements about specific companies for sale in local and international media. Most importantly, we have met with – and introduced to specific transactions – a number of potential international strategic investors.

More specifically, the PIP:

- On March 27, 2001, Commercial Attaches from 20 Egypt-based foreign embassies, representing the Americas, Europe, Asia, Africa, and the Middle East, gathered to attend a seminar on the Privatization Program of the Government of Egypt organized by the **Ministry of Foreign Affairs**, The Ministry of Public Enterprise and the PIP. Members of various prominent institutions such as the IMF, European Union, and USAID were also in attendance at the event, held in the Ministry of Foreign Affairs' main conference hall, bringing the total number of attendees to 55.

  The purpose of the event was to introduce the Government of Egypt's 2001 Privatization Program, and Law 203 companies/assets for sale, to the representatives of foreign embassies so that their commercial departments can serve as a resource for potential international investors seeking investment opportunities in Egypt. PIP prepared and distributed information on the companies ready for sale, as well as more general information on investing in Egypt.

- On April 22, 2001, participated in a business conference hosted by the **Egyptian Businessmen's Association (EBA)** and **Le Club d'Affaires Franco-Egyptien (CAFÉ)**. A delegation of prominent French businessmen representing various sectors of interest, such as banking, construction, tourism and trade, visited Egypt from Saturday 21 April until Tuesday 24 April. The purpose of the day's event was to introduce the members of the French delegation to the attending Egyptian businessmen, and encourage an open dialogue between the two groups re: business and trade opportunities, and the necessary environment required for facilitating transactions.

- In March, sent direct marketing letters to all **investment banks and investment promoters** on the MPE "short list", asking to meet to discuss specific investment opportunities of interest to their buy-side clients. We appended to each letter a list of public enterprises we expect to be offered for sale within the next six months.

- In February, accompanied a delegation of the **Egyptian-British Chamber of Commerce** on a visit to London. We discussed investment opportunities in Egypt with a number of anchor investors and with partners from the PwC London corporate finance practice. At the London conference, we distributed company profiles to investors and commercial attaches and agreed to facilitate the visit to Egypt of at least two anchor investors interested in the hotel and tourism sector. At the London offices of PwC, we met partners or managers from a number of different corporate finance groups, including the Hospitality Group (Misr Hotels, Shepheard's Hotel, Amoun Aswan); the Consumer Products Group (Omar Effendi, Hannaux, Bisco Misr, EDFINA); the Chemical Industry Group (Delta Fertilizers, Al Nasr Fertilizers); and the Banking Industry Group (MAIB, Cairo Far East Bank).

- In February, the Project's **public relations advisor**, Jamil Simon, visited Cairo for two weeks to explore ways to use communications effectively to accelerate the privatization process and review PIP's plans for media and advertising to make sure they are optimal for reaching the investor community. He drafted a press release announcing the investment opportunities in Egypt's hotel and tourism sectors and made several strategic recommendations on ways to improve communications and education in privatization. His recommendations were based on interviews with GOE officials, media representatives, NGO representatives, donor organizations, businessmen, investment banks, and other privatization stakeholders in order to assess their positive and negative comments on the privatization program. The recommendations are appended to this report in, "PIP New Strategic Initiatives: Attachments."

- Posted **tender announcements** on the World Bank's PrivatizationLink web site (Al Nasr Glass and Crystal, Omar Effendi, Red Sea Contracting, Helwan Cement), updated web sites for certain companies/assets for sale (www.egoth.org), and posted announcements on numerous other official web sites

- Posted tender announcements in the ***Middle East Economic Digest***.

- Organized and financed advertisements for Egypt's privatization program in the *Middle East Economic Digest* (February 16, 2001) and the ***Economist*** (February 10, 2001).

- Provided information and assistance to the ***New York Times*** (March 15, 2001) and the ***Financial Times*** (May 12, 2001) on the privatization sections of their special inserts on Egypt.

- Updated and disseminated **fact sheets** on the Law 203 and JV companies assigned to PIP, including relevant financial performance indicators.

- Participated in the **Spanish-Egyptian Business Encounter** conference in Cairo earlier this year. The event involved our meeting with potential Spanish investors who were members of the business delegation which accompanied the **Prime Minister of Spain.**

- The PIP is developing plans for a major **"Road Show" in Cairo** late May/early June to introduce company-specific privatization investment opportunities to regional investors who are now being identified and who will be invited to attend the conference. It is expected that the conference will be co-sponsored by Egypt's leading investment bank, **EFG Hermes**. We are working to arrange for presentations by the **Prime Minister, the Minister of Economy and Foreign Trade, the Minister of Public Enterprise, leading Holding Company chairmen, and senior investment bankers.** The objective of the conference is to bring together serious potential investors with the senior representatives of the sellers in order to generate serious dialogues between the parties prior to the announcement of tenders.

- PIP will give a presentation on investment opportunities in Egypt's privatization program at the **Egyptian Investment Opportunities Conference in London** in June and will hold one-on-one meetings with potential investors and investment banks.

- Organized the placement of the **Helwan Cement** tender in the ***International Cement Review***'s May issue.

- Participated in the **EBA's forum for a Korean business delegation** and in the **EBA's forum for a Turkish business delegation** in April.

- PIP gave a presentation on investment opportunities in Egypt's privatization program and met with individual potential investors during the **Austrian business delegation's visit to Cairo** in April, organized by the **Austrian Embassy.**

## 5. *ASSESSMENTS AND DIAGNOSTICS*

**Diagnostic Reviews**

PIP has completed detailed Diagnostic Reviews for 30 Law 203 and JV companies to date. The diagnostics will be used to assist PIP recommend a sales and marketing strategy to the relevant Holding Company (for Law 203 companies) or GOE representative (for JV companies). Among the questions the diagnostics attempt to answer are the following:

- **Current Ownership**: Who are the current shareholders and their percentage ownership? What percentage is state-owned? What percentage is offered for sale?
- **Profit**: Is the company profitable? For how many years? If not, why unprofitable and for how long?
- **Labor**: How many employees does the company employ? Permanent, temporary, part-time? Is excess labor an obstacle to sale?
- **Packaging**: What is precisely on offer? How does the GOE plan to structure the deal? Is there a need for restructuring or spin-offs? If so, what specifically?
- **Competitive Advantages**: What are the key selling points of the company?
- **Weaknesses**: What are the drawbacks/problems/issues with the company?
- **Sales Strategy**: What is the stated sales strategy? When will it be sold? What is our recommendation?
- **Potential Investors:** Have investors expressed interest? Who are they (names, firms)?

This quarter, PIP completed diagnostic reviews for the following JV companies: Kuwaiti Egyptian Investment Company, the Egyptian Car Service and Maintenance Company ("MisriYat"), Misr Aswan Company for Fishing, Misr Aswan Tourism, the Arab Company for Pharmaceuticals, Port Said National Company for Food Security, Misr Sinai Travel, and the National Housing Company for Professional Syndicates.

**Employee Shareholder Associations (ESAs)**

In March 2001, PIP hosted Ron Bernstein from the Foundation for Enterprise Development to identify ESA candidates among the GOE's Law 203 and JV companies and to propose new procedures for ESA sales. Mr. Bernstein noted that no majority ESAs have been established since 1999. Among the reasons for the slowdown in ESA sales, he cited the fact that HC chairmen have no incentive to pursue ESA transactions, there is no high-level GOE ESA "champion," and employees do not understand how ESAs can benefit them. Fortunately, there a number of HCs that have concluded ESA transactions successfully and consider this to be an acceptable privatization method, including the Trade, Maritime, and Chemicals Holding Companies. In fact, Mr. Bernstein identified at least 10 ESA candidates among current Law 203 companies, including the General Warehouses Company, the National Plastics Company, Al Nasr Company for Leather Tanning, Alexandria Cooling, and Misr Import-Export. A follow up visit by FED is being considered for May 2001 and two PIP staff have now been assigned to manage the Project's ESA portfolio.

**New Law 203 Assignments**

During this Quarter, PIP was assigned a number of new Law 203 companies at the request of the relevant Holding Companies. For example, the Maritime HC requested PIP to work on three new companies: Egyptian Navigation Company, General Warehouses, and Canal Shipping Agencies. The Metallurgy HC requested PIP's assistance to review valuations and prepare promotional materials for Helwan Cement and Al Nasr Steel Pipes, both of which will be tendered in April 2001. And the Spinning and Weaving HC has asked PIP to prepare diagnostics and help promote for sale four companies: Damietta Spinning and Weaving, Delta Spinning and Weaving, STIA, and El-Siouf Spinning and Weaving.

We are now conducting site visits, interviewing company management, and preparing quick diagnostics on these companies in order to better advise the HCs and PEO on an appropriate transaction strategy.

**The Joint Venture Portfolio**
PIP continues to press for access to the MOEFT database of all (500+) JV companies and banks for the purpose of conducting quick diagnostics, tiering/triaging the companies and recommending sales strategies. In late March, we again presented our proposed criteria for JVs to be assigned to the PIP for assistance (originally included in the February 20, 2001 letter and described during our meeting with Dr. Moheildin on March 14, 2001). We proposed that each JV assigned to PIP should ideally meet all of the following criteria:

- Majority public ownership,
- Profitable (per IAS),
- Greater than LE 25 million in total assets,
- JVs owned by the 4 public banks and 3 public insurance companies,
- JVs planned for sale in 2001.

The MOEFT responded that Dr. Moheildin and the Privatization Unit expect that PIP will provide "a set of international (best practices) criteria for prioritizing privatization candidates". MOEFT will then decide on the best implementation approach for the universe of JVs as described in the JV database. The MOEFT noted that, "PIP has been assigned the companies selected and approved by the Ministerial Privatization Committee whether profitable or loss-making."

In subsequent meetings, it became clear that the MOEFT is really asking PIP to recommend "international best practices" privatization strategies for its entire portfolio, i.e., what to do with less attractive companies, what to sell first, how to package/pair the transactions, what sales methods to use and when, etc. PIP will address these questions as soon as possible with written recommendations to the MOEFT.

***NOTE:***: The project considers that Tier I companies are viable, profitable, and attractive to strategic investors; Tier II companies may require some financial if not operational restructuring to be attractive to strategic or portfolio investors; and Tier III companies require large-scale financial and operational restructuring prior to privatization. In fact, in our opinion, the majority of the Tier III enterprises will be candidates for liquidation. There are, however, some Tier III enterprises that can be restructured and marketed to interim management/turnaround specialists.

**Databases**
PIP maintains a financial statement database that contains three years of audited financial statements for each company we are assisting. PIP has reformatted the financial statements slightly to conform to International Accounting Standards. Currently, our database contains the financial statements of the following Law 203 companies:

1. Misr Hotels
2. Mercure Inn Coralia
3. Delta Fertilizers
4. Abu Zabaal Fertilizers
5. Al Nasr Fertilizers
6. Red Sea Contracting
7. NEEASAE
8. Naroubin
9. Al Nasr Glass & Crystal
10. Omar Effendi
11. Hannaux
12. Port Said Container Handling Company
13. Damietta Container Handling Company
14. Alexandria Container Handling Company
15. Alexandria Shipyards

We will continue to reformat (IAS) and add other financial statements (especially those from JV companies) as these become available.

In addition, PIP established and maintains an investor database, divided into two lists: those investors who have expressed interest in particular companies (e.g., purchased an information memorandum) and those who are generally interested in a certain sector (e.g., email response to the *Economist* ad). A version of this database is appended to this report.

## 6. *STRATEGIC POLICY ISSUES AND PROPOSALS*

As mentioned in the Executive Summary, there are serious policy issues that complicate the privatization program in Egypt and jeopardize the success of the Project. Two questions in particular require immediate attention:

- Is there political will to sell public enterprises in a consistent, transparent manner and at market-determined prices?
- Is the GOE willing to implement a pipeline management ("wholesale") approach to privatization that employs consistent, step-by-step procedures and centralized decision making?

**New Strategic Initiatives**
PIP proposes the following three new strategic initiatives to help the GOE address and resolve these issues:

1. A high level, centralized, consolidated leadership approach – involving the Prime Minister and the Cabinet via the Ministerial Privatization Committee – is necessary to guide the privatization program, providing strategic leadership and decision-making to the multiple parties which now have authority to conduct or directly influence privatization (the MPE, PEO, MOEFT, Holding Companies, Affiliated Companies, Joint Venture Public Shareholders, the Joint Venture Companies, the Central Audit Agency). The Ministerial Privatization Committee, while playing the ultimate decision-making role regarding approval of each privatization transaction, does not also play a role in setting-forth the longer-term strategic guidelines for the privatization program and the procedures to be followed by the public sector enterprises in each privatization transaction.

   Given the Prime Minister's experience as former Minister of Public Enterprise, the Ministerial Privatization Committee is uniquely qualified to play a proactive, strategic role rather than a reactive role in responding to ministerial privatization transaction proposals. We propose that the Committee play a policy-setting role.

   Consideration and adoption of the "Pipeline Management" recommendations of the PIP for Egypt's privatization program could be taken at this level. The Committee could approve and require the MPE and the MOEFT to adopt and implement transparent, standard, step-by-step privatization procedures for Law 203 enterprises and Joint Venture Companies. PIP's step-by-step procedures drafted last September could provide the standard to be implemented for all privatization transactions. The procedures would allow for flexibility in order to permit negotiated terms and conditions between the seller and buyer - while requiring the public sector seller to adhere to guidelines to eliminate the seller raising last minute obstacles and to ensure a modicum of transparency.

2. Once and for all, the on-going, years-long obstacle of CAA unrealistic floor prices based on asset valuations and an unrealistic 15% discount rate versus the market-based valuations (DCF) and the prices which the universe of potential investors are willing to pay must be reconciled. A compromise can be found if the GOE is willing to require the CAA to adopt market-based valuation methodologies or at least to factor such valuations into their own reserve/floor price recommendations in order to produce a range of valuations rather than one, fixed value.

3. A "Privatization Forum", involving the Minister of Public Enterprise, the Minister of Economy, senior privatization officials of the ministries, senior USAID officials, and senior PIP consultants could meet regularly. This forum would provide the

opportunity for obstacles to be discussed and solutions agreed, strategic initiatives adopted, and appropriate technical assistance proposed.

The PIP team has been proposing such a regular forum – or "privatization steering committee" - since August 2000. The PIP to date has met only once, briefly, with the Minister of Public Enterprise, has never met with the Minister of Economy, and has met with the senior advisor (overseeing privatization) to the Minister of Economy only twice – briefly. This despite numerous requests to permit the PIP team management to present our recommendations to the Ministers and their senior colleagues, i.e. the strategic decision-makers.

It is important to keep in mind that the PIP team is not proposing more aggressive – but perhaps unrealistic over the near term – steps to revitalize the privatization program. More aggressive steps would include partial or full privatization of one or more of the four public sector banks, partial or full privatization of one or more of the four public sector insurance companies, partial privatization of Telecom Egypt, and direct privatization of infrastructure, such as the container handling terminals, in 2001.

Our recommendations reflect our awareness of difficult macro-economic challenges facing the economy and emerging markets as a whole. Therefore, our recommendations are those which can be implemented this year and which could accelerate the privatization program regardless of the macro environment.

<u>In addition to these proposals, the PIP team is working with its counterparts and market participants on the following longer-term initiatives to accelerate and improve the privatization process:</u>
1. Turnaround Management Contracts and incentives for "Tier 3" public enterprises.
2. Procedures for responding to unsolicited bids for public enterprises and joint ventures.
3. "Capacity building" initiatives to promote the adoption of market-based valuations by the GOE and its agencies.
4. Promotion of the use of investment banking "sell-side" advisors by the Holding Companies and the major joint venture shareholders.
5. Introduction of "Privatization Task Forces" – to include representatives of the Holding Company or JV shareholder, MPE/PEO or MOEFT, and the PIP team – to oversee the conducting of each privatization transaction.
6. The promotion of new privatization models including a JV Investment Fund model.

**PIP's Recommendations for the USAID Development Support Program's (DSP)**
PIP was asked by USAID to review existing privatization conditions for the sale of Law 203 and JV companies and to suggest revisions to the terms, definitions, and deliverables that are more realistic and might be more helpful in stimulating the GOE's privatization program.

PIP recommends the adoption and enforcement of standard, step-by-step procedures for all privatization transactions. It is critical to the success of Egypt's privatization program that investors, Holding Companies, JV shareholders, and Ministry officials all understand and play by the same rules.

PIP also recommends rewarding now (under DSP I) the JV privatization activities carried out by the MOEFT. We would "count" a sale as a privatization transaction under the following conditions:
(A) The sale of 100% of the public/state shareholding (i.e. the entire public/state shareholding) - with the "state shareholding" defined as a minimum of 25% of the total shares of the individual company, and/or

(B) The sale of public/state shareholdings to a total of less than 50% of the total shares of the company (e.g. important re JV banks).

(C) All privatization transactions concluded by new mechanisms including "rapid batch tendering", "auctions", and the "investment fund model for Joint Venture stakes" shall be counted - with consideration given to awarding "bonuses" for transactions conducted by these new mechanisms.

In other words, if the state's share in a public enterprise is a minority stake (less than 50%), then the minimum stake to be sold (for which USAID would provide a cash transfer of $1 million per JV or up to $2.5 million per Law 203 company) must be 25% of the total shares or asset value of the company/asset. Under this scenario, the GOE will not get credit for selling - for example - small, minority stakes of 5%.

If the state has a majority stake, then any sale that puts the state in a minority position (less than 50%) should be counted.

These conditions/terms should apply to asset sales and the sale of IBUs with a book value of LE 1 million or more.

We also recommend that the number of benchmarks be reduced (e.g., eliminate BOOTs and BOTs since these do not involve the privatization of existing state assets – but rather the participation of the private sector in new, state sponsored projects) to promote a greater focus by the GOE on completing the privatization of *all* Law 203 Public Enterprises, majority-owned Joint Venture companies, and Joint Venture Banks over the next five years.

## 7. PROGRESS VERSUS BENCHMARKS

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| **Benchmark 1**: Successful sales of GOE interest in Law 203 companies. |
| **Original Measure**: The PwC consortium to offer for sale at least 90 firms in 2000, 62 firms in 2001, and 44 firms in 2002. |
| **Revised Measure:** It was agreed with USAID during the first quarter of project implementation that these targets are too ambitious/unrealistic. The new benchmark is to offer at least 40 Law 203 enterprises and major assets by the end of 2001, including 100% of the Tier I Law 203 companies and assets assigned to PIP by the MPE/PEO. |

**Progress**: The Government of Egypt sold no public enterprises during the First Quarter of 2001. In fact, only five companies assigned to PIP were offered for sale (Floating Hotels, Red Sea Contracting, Alex Cooling, Al Nasr Glass & Crystal, Omar Effendi). Nevertheless, PIP remains optimistic that several Law 203 companies will be sold during the Second Quarter 2001 and continues to focus resources on companies in sectors where there is expressed investor interest and clear Government commitment to privatize. PIP has completed information memoranda for several of these companies and we are advising the relevant Holding Companies on transaction structure, marketing strategy and sales closure. We expect that tenders for the following Law 203 companies will be concluded during the Second Quarter of 2001: Omar Effendi, Misr Hotels, Delta Fertilizers, Red Sea Contracting, Al Nasr Glass & Crystal, the Floating Hotels, Shepheard's Hotel, EDFINA, and Alex Cooling.

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| **Benchmark 2**: Successful development and utilization of methods for cost-effective sales of less attractive companies. |
| **Measure**: Screening guidelines established for all Tiers by the first Quarterly Report. Screening report listing each company to be provided at least once each quarter. |

**Progress**: PIP has screened and categorized all of the 193 Law 203 companies and assets remaining to be privatized and has completed more detailed reviews of the 52 companies and assets assigned to PIP by the MPE/PEO. (See attached “PIP Portfolio” document, updated weekly). PIP is now reviewing financial data on the 32 JV companies assigned to the project by the MOEFT in December 2000. We have already completed diagnostics for 20 JV companies and expect to have diagnostics for all 32 companies by the end of April 2001.

PIP once again communicated to the PEO (in a “privatization pipeline management white paper”) the importance of adopting and applying standard, step-by-step procedures in transactions for less attractive companies in the Law 203 portfolio. Specifically, PIP drafted and submitted procedures for liquidations, employee buyouts, and interim management/turnaround contracts. These transaction methods are more appropriate for less attractive companies than are the negotiated sales (anchor investor) and IPO procedures. The procedures would also be relevant for any distressed or "stumbling" companies in the MOEFT JV portfolio.

The Foundation for Enterprise Development (FED) (a PIP partner firm) sent an ESA expert to Egypt in March and recommended exploring ESA sales with as many as ten Law 203 candidates. FED has submitted a proposal for additional level of effort to revise and implement procedures for employee buyouts/ESA sales. The goal would be to restore ESAs as a viable, acceptable sales method for less attractive companies and to introduce ESA transactions to the JV portfolio. We would also like to develop, promote and implement a new employee shareholder association (ESA) model for selected Tier II, Tier III and JV companies that allows employees to remove shares from the ESA and sell them on the open market after an agreed period of time.

PIP also continues to explore the feasibility of establishing a closed-end investment fund model for the JV companies. GOE stakes would be managed on a fee basis, with profit sharing of capital gains between the public sector shareholders (who would give the fund managers Power of Attorney to manage and sell the JV shares) and the fund managers. These managers would be selected via competitive tender for participation by both domestic and international asset management firms and investment banks.

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| **BENCHMARK 3:** Brokering of turnaround service contracts for Tier III companies. |
| **ORIGINAL MEASURE:** "Quick Response Diagnostic" completed for 100% of Tier III companies. Turnaround services to be provided to at least 5 Tier III companies in 2000 and 10 Tier III companies in 2001. |
| **REVISED MEASURE:** It was agreed with USAID that a more realistic target for this benchmark would be to provide turnaround services to 10 Tier III companies total through the life of the project (2003). |

**PROGRESS:** Of the ten (10) Tier III companies assigned to PIP, work has been authorized by the GOE on nine (9) of these entities. During the first quarter of 2001, one (1) of these companies (NEEASAE, a manufacturer of light bulbs) was reclassified as a Tier II enterprise better suited to a sale rather than a lease or management contract. In the process, a serious local investor was identified and a letter of interest was received from the latter by the GOE. PIP observed that there could be a political obstacle to be negotiated between the parties *a priori* to the receipt of an unsolicited bid. This was brought to the attention of the Minister of Public Enterprise and the two parties are in a dialogue. If the issues can be resolved or other investors are identified, the GOE will issue a call for bids.

Of the remaining eight (8) companies classified as Tier III, the GOE will comment and discuss 'next steps' on recommendations for two (2) of these enterprises (El-Nasr Forging and Narubin, manufacturers of metal forged products and industrial pressed rubber products respectively) during the second quarter of 2001. While the GOE does not wish to liquidate these enterprises at this time, there are compelling arguments to that effect. In the process, PIP has identified one international party interested in one of the two companies. A letter of initial interest has been received, but this is a preliminary request for further information and it is unwarranted to draw further conclusions at this time.

Five (5) of the remaining six (6) Tier III enterprises assigned are in the textile sector. Diagnostic work is in progress for four (4) of these companies (Damietta Spinning & Weaving Co., Delta Spinning and Weaving Co., STIA and El-Seyouf Spinning and Weaving Co.). The prevailing interest of the GOE (and this appears valid by the investor community) is to seek leases or sales of these companies. PIP has identified interest in three (3) of the five (5) textile companies in varying degrees (Damietta Spinning & Weaving Co., Delta Spinning & Weaving Co. and El-Amereya Spinning & Weaving Co.). The most advanced of these interested parties is in the process of finalizing an unsolicited bid for one company (El-Amereya Spinning & Weaving Co.). PIP, working closely with local investment banks to consummate a transaction, has advised a lease with an option to buy to facilitate the resolution of some potential hurdles in an outright sales transaction, including price determination. The GOE will be advised to issue a call for solicited bids for El-Amereya Spinning & Weaving should at least one serious unsolicited bid be received.

Other interested parties are working closely with PIP in terms of identifying information needs and PIP in turn will attempt to ensure that final promotional documents address such needs. Two of the enterprises (STIA and El-Seyouf Spinning & Weaving Co.) are less attractive to potential investors; during the second quarter of 2001 PIP will be working to identify innovative exit strategies for the GOE for these and other companies within the sector at-large.

The last of the nine (9) Tier III candidates for which PIP has been authorized to conduct work is Alexandria Shipyards Company. Initial promotional documentation for this company has been completed and is being approved by the relevant GOE parties. During the first quarter, PIP identified interest from international shipbuilders to lease the facility. Due to the sensitive nature of this company, next steps will involve a high level meeting with the Minister of Public Enterprise during the beginning of the second quarter to outline the promotional process.

**STRATEGY:** PIP's strategy for this portion of the Benchmarks is, in the simplest terms, to deliver the maximum value-added to the GOE. This is accomplished by a set of basic criteria which should be met by potential candidates for PIP Turnaround/Restructuring services to be extended meaningfully. Candidate enterprises, both in the Law 203 portfolio and the Joint Venture portfolio, typically should demonstrate most of the following:

*(1)* *Future potential for the Egypt-based sector*
*(2)* *GoE willingness to absorb most or all debts*
*(3)* *GoE willingness to absorb a significant percentage of redundant labor*
*(4)* *EBITDA performance should be positive, break-even or deemed capable of reaching break-even under optimal management*
*(5)* *Current interest to participate in Egypt in the sector to which the enterprise belongs by domestic or international parties*
*(6)* *Difficulty to sell the enterprise 'as-is'*

While these criteria are important, they are only guidelines, not binding requirements. They are provided here to assist USAID in understanding the decision-making process that precedes the award and acceptance of work in this category.

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| **Benchmark 4**: Institutional capability among the GOE, HCs, and the Investment Promoters to support continued privatization transactions, turnarounds and liquidations should be developed. |
| **Measure**: The PwC consortium will conduct an annual survey to gauge basic knowledge of key privatization program issues by GOE and HC staff at various levels. More specific surveys should also be conducted at workshops and seminars. The survey results should indicate improved knowledge and competency to support privatization. |
| **Revised Measure**: It was agreed with USAID that PIP will not conduct annual surveys. The PwC consortium will however design and deliver at least 5 capacity building sessions before the end of 2001 for representatives from HCs, JVs, and investment promoters. The first two workshops will be held in May. |

**Progress**: PIP has done the following to develop institutional capacity with the HCs, investment promoters, and relevant GOE Ministries and Agencies to support continued privatization transactions:

- Designed and presented to the PEO the outline and agenda for two capacity building sessions for the HCs and JV owners. The first session would discuss information memoranda. The PEO has asked us not to deliver another seminar on "How to" prepare an info, but instead to discuss why they are important, what makes a good info memo, what information investors need, and what the risk is of disseminating "bad" or incomplete information. The idea is to let the HCs know that they could be liable for incomplete due diligence and disclosure. The second session would be on promoting companies. For example, when and where to do road shows, what types of promotional/media tools to use for which types of companies, how promotion strategies vary from sector to sector, who speaks to investors and how, etc. These two capacity building sessions are scheduled to take place in May 2001.

- Prepared and presented to the PEO a white paper on privatization pipeline management discussing best practices methods for accelerating the privatization process and transferring knowledge to the HCs.

- Drafted and delivered to the PEO presentations for five distinct privatization "pipeline management" sessions for HCs and JVs. Each presentation would highlight international best practices in one of the five stages of privatization (diagnostics, valuation, structuring, promotion, and sales).

- Prepared and delivered to PIP staff presentations on best practices valuation procedures, market-based valuation methodologies, and fixed-asset valuation methodologies. We plan to deliver these sessions to the CAA and PEO during the Second Quarter 2001.

- Revised company profile and company diagnostic templates and used them in preparing company profiles together with staff at EGOTH and the PEO.

| **Benchmark 5**: Successful sale of residual shares and non-corporatized assets. |
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| **Measure**: The PwC consortium will assess the status of residual shares and non-corporatized assets and the prospects for their sale. Based on that assessment, the contractor will identify by the first Quarterly Report the companies in which residual shares will be offered. The residual shares in these companies will be offered for sale in the first 24 months of the project. |
| **Proposed New Measure**: USAID has asked the PwC consortium to concentrate on assisting the GOE implement majority-stake transactions. In addition, PIP has not been granted access to the overall Law 203 or MOEFT databases and does not have a complete picture of the ownership structure of Egypt's public enterprises (including residual shares). The MOEFT and MPE have both requested that PIP focus only on selling majority stakes in public enterprises and JVs to anchor investors. Accordingly it is proposed that this benchmark be eliminated. |

| **Benchmark 6**: Conversion rate targets met. |
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| **Measure**: The PwC consortium will provide continuous and active participation as needed to complete privatization transactions. The PwC consortium will assist the GOE to sell 100% of Tier I firms and at least 50% of Tier II firms over the life of the project, and identify in their annual workplans more specific targets which promote this benchmark. |

**Progress**: Please see comment under Benchmark No. 1 above.

| **Benchmark 7**: Increased investor interest in privatization offers. |
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| **Measure**: The PwC consortium will assist the GOE to attract greater interest from buyers each year as measured by requests for bid documents (or their equivalents). Specifically, a) the number of overall requests each year should increase; b) the number of requests per equivalent transaction should increase; c) the number of requests from foreign investors should increase. Greater interest evidenced by inquiries, company visits, and event attendance should also be documented. Increased investor interest will also be measured by the number of bidders in each privatization event and the number of bids placed for each transaction. |

**Progress**: Although the GOE did not conclude any transactions this quarter, the GOE did offer the following companies for sale: the Floating Hotels, Red Sea Contracting, Alex Cooling, Al Nasr Glass & Crystal, and Omar Effendi. All of these tenders are still pending (the floating hotels will be re-offered). We are optimistic that these companies/assets and several others (Misr Hotels, Shepheard's Hotel, Delta Fertilizers) will be sold during the Second Quarter 2001.

As noted above in the *Marketing and Investor Outreach* section of this report, PIP has intensified its efforts in order to increase investor interest in Egypt's privatization program.

For example,

- Eleven investors purchased the PIP information memorandum for Omar Effendi. The PwC PIP Team invested hundreds of hours of consulting time to prepare a diagnostic review, company profile for marketing, road shows in Europe, technical support and investor identification via the global PwC retail industry specialist group, marketing to many local, regional, and international investment banks, the information memorandum (a one hundred page document provided to all investors who pay to participate in the tender), and persuade the Holding Company to conduct a tender to hire an investment banking advisor - on a success fee basis - to work with us on investor promotion and negotiations. The closing date for the tender is May 31, 2001.

- Three investors purchased the PIP information memorandum for Red Sea Contracting. Although no investors bid on the company, the HC extended the deadline indefinitely and PIP is actively helping to bring new investors to the tender. We have already facilitated meetings with the HC and two new investors interested in Red Sea Contracting.
- Three anchor investors purchased copies of the PIP information memorandum for Al Nasr Glass & Crystal. In addition, we contacted each of the 11 investors who bid on the company when it was first offered in 1998, gave each of them a copy of the tender announcement and the company profile, and explained that this time the Metallurgy HC will offer the company's assets for sale (i.e., investors can bid on the three separate production lines as independent business units). The HC will announce the winning bid in July 2001.
- Five investors have purchased the PIP information memorandum for Al Nasr Steel Pipes Company. The Metallurgy Holding Company announced the tender in March 2001.
- PIP invited a hotels/hospitality industry expert from PwC to Egypt for two weeks to help EGOTH draft a strategy for the privatization of its hotel assets, discuss/plan appropriate transaction structures for the hotel/real estate assets and to coordinate anchor investor site visits to the Shepheard's Hotel, the Nile Hilton, and Amoun Aswan. As a result of his visit, the GOE received preliminary expressions of interest from international hotel management chains such as Accor, Sol Melia, Bass, Orient Express Hotels, and Hilton.
- In March, PIP presented the GOE's portfolio to commercial attaches from more than twenty countries at an event we co-sponsored with the Ministry of Foreign Affairs. The commercial attaches were particularly interested in the hotel/tourism companies (France), the retail/trade companies (South Africa), and the fertilizer companies (India).
- In February, PIP accompanied a delegation of the Egyptian-British Chamber of Commerce on a visit to London. We discussed investment opportunities in Egypt with a number of anchor investors and with partners from the PwC London corporate finance practice. At the London conference, we distributed company profiles to investors and commercial attaches and agreed to facilitate the visit to Egypt of at least two anchor investors interested in the hotel and tourism sector. At the London offices of PwC, we met partners or managers from a number of different corporate finance groups, including the Hospitality Group (Misr Hotels, Shepheard's Hotel, Amoun Aswan); the Consumer Products Group (Omar Effendi, Hannaux, Bisco Misr, EDFINA); the Chemical Industry Group (Delta Fertilizers, Al Nasr Fertilizers); and the Banking Industry Group (MAIB, Cairo Far East Bank).
- PIP continued to be very active in bringing together international anchor investors in the container handling sector and the MPE. We distributed company profiles on the Port Said container handling company and immediately received requests from investors in The Netherlands and Denmark to prepare a similar profile for Damietta container handling company.

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| **Benchmark 8**: Successful divestiture of public shares in Joint Venture and Investment companies. |
| **Measure**: The PwC consortium will assist the GOE to divest its shares in at least 50 JV companies in 2000; at least 75 companies in 2001; and at least 75 companies in 2002. The PwC consortium will assist the GOE to divest its shares in at least one insurance company. |
| **Revised Measure:** It was agreed with USAID that that the original target is too ambitious. The target for this benchmark has accordingly been changed to 32 companies offered by the end of 2001, subject to increase should PIP receive additional mandates from the MOEFT. |

**Progress**: PIP has now met with 15 of the 17 designated GOE representatives (2 of the representatives – the Egyptian General Petroleum Company and the Egyptian National Railway Authority – will not privatize their assets). In addition, PIP has completed an overview and analysis of the entire JV portfolio (unfortunately, based on out of date 1998 data), ranking the various sectors according to total sales, profitability, debt, and percentage of public ownership. We have completed or will soon complete company profiles for the National Housing for Professional Syndicates (Meridian Heliopolis), Rowad Travel, Cairo Far East Bank, Misr Sinai Travel, and the Egyptian Glass Company.

This Quarter, PIP conducted one-on-one meetings with anchor investors interested in the JV portfolio, particularly those companies in the banking, tourism, and glass sectors. We are optimistic that the GOE will offer the following JVs for sale during the Second Quarter 2001: the Meridien Heliopolis, Misr America International Bank, the Egyptian Glass Company, Misr Sinai Travel, and Misr Brick Company.

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| **Benchmark 9**: Value of privatization transactions. |
| **Measure**: The PwC consortium will assist the GOE to receive privatization sales prices (equivalent to cash, present value of investment commitments, and assumed debt) close to the official GOE floor valuation (where it exists). Specifically, the price received should be:<br>• At least equivalent to the floor valuation for Tier I companies;<br>• At least equivalent to 50% of the floor valuation for Tier II companies;<br>• At least equivalent to 33% of the floor valuation for Tier III companies. |

**Progress**: PIP is in constant dialogue with officials at the MPE, MOEFT and CAA to streamline the valuation process and ensure that the offering price represents fair value for the Government's assets and is close to the market price. No PIP enterprises were sold during the 1st Quarter 2001, so it is not possible to measure the value of transactions.

## 8. PIP TEAM AND ASSIGNMENTS

*Richard Knight's/Mohamed Ragui's Team = international/major regional tenders (e.g., Misr Hotels, Shepheard's Hotel, other prime hotels, Omar Effendi, Hannaux, fertilizers, JV banks)

**Randall Parks' Team = non-strategic/non-anchor sales (management contracts, leasing, ESAs/EBOs, asset sales, liquidation, textile sector, et al) plus Investor Promotion/Marketing, Finance, Administration

***Kevin Covert's Team = primary local tenders (construction, engineering, metals, food, maritime/transport, non-bank/local tender JVs)

| PIP Team Member | Title/Role |
|---|---|
| Fouad Abdel Wahab | Senior Advisor |
| John Johnson | Director/Chief of Party |
| Randall Parks** | Deputy Chief of Party |
| Mohammed Ragui* | Deputy Director |
| Richard Knight Moss* | Deputy Director |
| Kevin Covert*** | Deputy Director |
| Karen Potter** | Senior Manager, Marketing and Investment Promotion |
| Richard Sines** | Fertilizer cos., textile sector, sector studies |
| Rajai Masri*** | Capacity Building Specialist |
| Akrum Bastawi** | Senior Manager |
| Mostafa Abd El Latif* | Senior Manager, Investment Banking |
| Amr Soliman*** | Senior Manager, Investment Banking |
| Hazem El Wessimy* | Senior Manager, Investment Banking |
| Ahmed Saad* | Senior Manager, Investment Banking |
| Kareem Salem* | Senior Manager, Investment Banking |
| Hoda Howeidy*** | Manager |
| Safaa Sabry*** | Database Manager |
| Dahlia Wahba** | Senior Manager, Investment Promotion |
| Ayman Taha*** | Manager |
| Nevine Lofti*** | Senior Manager |
| Sherif Korayem*** | Senior Manager |
| Hend Taha** | Manager |
| Mohammed Mostafa** | Information Technology Manager |
| Rasha Farid** | Manager, Administration |
| Heba Hashish** | Administration |
| Sherif El Banaa** | Manager, Logistics |
| Wessam El Niazy** | Manager, Finance |
| Emad Moursy*** | Manager |
| Sara Mubarak** | Senior Financial Analyst |
| Nevein Aped** | Manager, Marketing and Investment Promotion |
| Constantin Abarbieritei* | Senior Investment Banking Advisor |
| Laure Darcy* | Investment Banking Advisor |
| Mahmoud Hosny* | Senior Manager, Investment Banking |
| Said Abbass*** | Senior Manager, Investment Banking |
| Hisham El Adl* | Senior Manager, Investment Banking |
| Mohamed Soheim*** | Manager, Investment Banking |
| Daniel Larkin* | Senior Advisor (Hospitality Industry) |
| Roula Nasser* | Hospitality Industry Consultant |
| Elo Kuldkepp* | Hospitality Industry Consultant |
| Ken Swanberg** | Senior Advisor, Textile Industry |

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|---|---|
| Mahmoud El Gazaar* | Senior Advisor, Valuations |
| Kamel Nasser** | Senior Advisor, Chemical Industry |
| Ahmad Hassan*** | Senior Advisor (Legislation) |
| Taher Helmy* | Senior Legal and Strategy Advisor |
| Mohammad Talaat* | Senior Legal Advisor |
| Alaa El Soueni | Senior Advisor |
| Ghady El Feki | Valuations Advisor |
| John Glover*** | Capacity Building Specialist |
| FED** | ESA consulting |
| DAI** | Textile sector consulting |
| Admiral Hosni*** | Senior Advisor, Maritime Industry |
| Hamza Associates* | Asset Appraisals and Valuations |
| TIIA | CCN sub-contractor |
| EFA | CCN sub-contractor |
| Farid Mansour | Senior Advisor |
| Tarek Kayes* | regional investor promotion |
| PwC London* | retail, chemical, insurance, banking, maritime industry investor transaction structuring and investor identification |
| PwC Washington* | project management, administrative, financial controls and reporting, capacity building, market research, industry TA and consulting |